

**PUBLIC DISCLOSURE**

**November 4, 2013**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**EAST CAMBRIDGE SAVINGS BANK**

**Certificate # 90173**

**292 CAMBRIDGE STREET  
CAMBRIDGE, MA 02141**

**Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, MA 02118**

**NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.**

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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **East Cambridge Savings Bank (or the “Bank”)** prepared by the Division, the institution's supervisory agency as of **November 4, 2013**. The Division evaluates the Bank's performance in the assessment area(s), as it is defined by the institution, rather than individual branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00 et seq.

### **INSTITUTION'S CRA RATING: The institution is rated “Satisfactory.”**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of three performance tests: the Lending Test, the Investment Test, and the Service Test. A summary of East Cambridge Savings Bank's performance is provided below:

#### **Lending Test**

- The Bank's lending activity reflects adequate responsiveness to credit needs in its assessment area.
- An adequate percentage of the Bank's home mortgage and small business loans are made in the Bank's assessment area.
- The geographic distribution of home mortgage and small business loans reflects good dispersion throughout the Bank's assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and among business customers of different sizes.
- The Bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound business practices.
- The Bank made an adequate level of community development loans.

- The Bank makes use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The Bank's compliance with fair lending laws and regulations was examined. No indication of discriminatory or other illegal practices inconsistent with helping to meet community and assessment area credit needs were identified during the evaluation.

#### Investment Test

- The Bank has a good level of qualified community development investments and grants.
- The Bank exhibits good responsiveness to credit and community economic development needs.

#### Service Test

- Delivery systems are accessible to essentially all portions of the institution's assessment area(s).
- To the extent changes have been made, the Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate- income geographies and/or to low- and moderate- income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.
- The institution provides a good level of community development services.

### **LENDING, INVESTMENT, AND SERVICE TEST TABLE:**

*The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.*

PERFORMANCE LEVELS	East Cambridge Savings Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\*Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

East Cambridge Savings Bank is a Massachusetts state-chartered, mutual savings bank headquartered in Cambridge, Massachusetts. In addition to its main office located at 292 Cambridge Street in Cambridge, Massachusetts, the Bank operates seven other full-service banking locations in Massachusetts. Branch locations are as follows: Arlington; Belmont; Cambridge (2); Somerville; Medford; and Waltham. The Bank operates a limited service branch located in the Cambridge Rindge and Latin High School. The Bank also maintains an operations center in Cambridge. All banking offices are equipped with Automatic Teller Machines (ATMs). There are two additional remote ATMs located in Cambridge and Somerville. The Bank closed its Belmont branch, located at 505 Common Street, on October 8, 2011. On October 10, 2011, the Bank opened a new branch located at 395 Trapelo Road in Belmont.

The Bank is a full-service financial institution that offers a wide variety of products and services. Retail customers can choose from a variety of deposit products including checking, savings, and retirement accounts. The Bank also offers an assortment of consumer credit services that include secured and unsecured products such as home equity lines of credit, personal loans, student loans, overdraft protection, unsecured lines, home improvement loans, and automobile loans. Additionally, the Bank offers a wide variety home financing programs such as fixed- and adjustable-rate mortgage programs for the purchase, refinance, improvement, and construction of residential property. Bank VISA credit cards are also available.

Commercial customers can choose from an array of savings, checking and investment account services, as well as a full line of financing options, including working capital lines of credit, equipment loans, commercially real estate loans, asset-based lines of credit, commercial and industrial loans, government guaranteed loans (SBA loans), overdraft lines of credit, letters of credit, and construction loans. The Bank offers cash management and other specialized services. Pension plans for corporate management and employees, and financial planning is also offered.

The Bank had total assets of \$849.6 million, as of September 30, 2013. Assets increased approximately \$34.1 million since March 31, 2010. As of March 31, 2010 net loans totaled \$530.0 million or 65.0 percent of total assets. Currently, net loans total \$539.0 million representing 63.4 percent of total assets.

As depicted in Table 1 below, the Bank's loans are primarily concentrated in residential real estate. No financial or legal impediments exist that would limit or impede the Bank's ability to meet the credit needs of its community or delineated assessment area.

<b>Table 1</b> <b>Loan Portfolio Distribution as of September 30, 2013</b>		
<b>Loan Type</b>	<b>Dollar Amount \$('000s)</b>	<b>Percent of Total Loans (%)</b>
Construction, Land Development, and Other Land Loans	39,426	7.3
Revolving, Open-end Sec. by 1-4 Fam. Res. Prop., Extended Under Lines of Credit	15,905	3.0
Closed-end Secured by 1-4 Family Residential Properties: Secured by 1st Liens	266,654	49.5
Closed-end Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	1,868	0.3
Secured by Multi-Family (5 or more) Residential Properties	55,622	10.3
<b>Total Residential Real Estate Loans</b>	<b>379,475</b>	<b>70.4</b>
Secured by Nonfarm Nonresidential Properties	134,437	24.9
<b>Total Real Estate Loans</b>	<b>134,437</b>	<b>24.9</b>
Commercial and Industrial	17,664	3.3
Loan to Individuals for Household, Family, or Other Personal Expenditures	7,412	1.4
<b>Total Loans</b>	<b>538,988</b>	<b>100.0</b>

Source: Consolidated Report of Condition and Income (Call Report)

CRA mandates the identification of similarly situated banks with which East Cambridge Savings Bank's lending record is compared. While East Cambridge Savings Bank competes with many local and regional financial institutions for loans and deposits, only two banks within East Cambridge Savings Bank's delineated assessment area are similar in terms of asset size, business focus, and branch structure. These similarly situated institutions are Cambridge Trust Company, headquartered in Cambridge, Massachusetts and Watertown Savings Bank, headquartered in Watertown.

The previous CRA evaluation was conducted by the as of June 1, 2010, using Large Bank examination procedures. The evaluation resulted in an overall "Satisfactory" rating.

### **Description of Assessment Area**

The CRA requires a financial institution to define an assessment area, or areas within which it will concentrate its lending efforts and within which its record of helping to meet the needs of its community will be evaluated.

East Cambridge Savings Bank's delineated assessment consists of the cities and towns of Arlington, Belmont, Cambridge, Everett, Lexington, Malden, Medford, Newton, Somerville, Waltham, Watertown, and Winchester. The Bank added the towns of Everett, Lexington, Malden, Newton, and Winchester at the beginning of 2013. All of the cities and towns in the Bank's assessment area are in the Cambridge-Newton-Framingham MA MD (#15764).

The assessment areas, as currently defined, meet the technical requirements of the CRA since they (1) consist of one or more political subdivisions; (2) include geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the bank originated a substantial portion of its loans; (3) consist of whole census tracts; (4) do not reflect illegal discrimination; and (5) do not arbitrarily exclude low- and moderate-income areas.

To assess the Bank's lending performance within this evaluation, consideration is given to certain demographic data about the overall assessment area.

Table 2 highlights the relevant demographics.

<b>Table 2 Assessment Area Demographic Information</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	145	6.2	31.7	34.5	27.6
Population by Geography	636,240	5.5	31.9	35.8	26.8
Owner-Occupied Housing by Geography	130,165	3.1	24.1	37.7	35.1
Businesses by Geography (2012)	65,069	5.4	26.0	35.0	33.6
Businesses by Geography (2013)	54,546	8.8	13.6	56.8	20.8
Distribution of Families by Income Level	142,626	25.2	16.6	20.2	38.0
<b>Median Family Income (MFI)</b>			<b>Median Housing Value</b>	\$558,272	
<b>MD #15764 MFI, 2012</b>		\$106,400	<b>Unemployment Rate</b>	7.6%	
<b>MD #15764 MFI, 2013</b>		\$101,000	<b>(2010 U.S. Census)</b>		
<b>Families Below Poverty Level</b>		6.2%			

*Source: 2010 U.S. Census Data, D&B data 2012 and 2013, HUD Estimated Median Family Incomes 2012 and 2013*

### **Demographic Data:**

The demographic data for this evaluation consists of 2010 United States (U.S.) Census information. This demographic data will be utilized in analyzing the Bank's 2012 and 2013 performance.

The overall assessment area contains 145 census tracts; 9 low-, 46 moderate-, 50 middle-, and 40 upper-income census tracts. The total population of the assessment area is 636,240. This population is comprised of 253,086 households, of which 13,738 (5.4 percent) are located within the low-income census tracts and 80,142 (31.7 percent) are located within the moderate-income tracts. Further, of the total households in the assessment area, 69,910 (27.6 percent) are estimated as low-income and 39,329 (15.5 percent) are estimated as moderate-income.

The assessment area also consists of 269,922 total housing units. Of this total, 130,165 (48.2 percent) are owner-occupied. A closer analysis of the total housing units reveals that the majority of the units (73.5 percent) are one-to-four family dwellings. Within the low-income census tracts, only 27.2 percent of the units are owner-occupied units and within the moderate-income census tracts, 36.5 percent are owner-occupied, with the remaining housing stock either rented or vacant. Given this information, and knowing the Bank's interest in continued growth in residential lending, it appears the assessment area provides the Bank with lending opportunities, albeit somewhat limited in certain areas. The Bank's ability to originate loans within the assessment area may be further limited by the level of competition, the high cost of housing, and the number of non-owner occupied housing in the low- and moderate- income tracts.

Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-income:	Less than 50% MFI
Moderate-income:	At least 50% but less than 80% of MFI
Middle-income:	At least 80% but less than 120% of MFI
Upper-income:	Equal to or greater than 120% of MFI

The MFI for the assessment area was \$106,400 for 2012 and was \$101,000 in 2013. For 2012 and 2013, a low-income family earned less than \$53,200 and \$50,500, respectively. A moderate-income family earned from \$53,200 to \$85,120 and from \$50,500 to \$80,800, respectively. Middle-income families earned from \$85,120 to \$127,679 and \$80,800 to \$121,199, respectively. Upper-income family households earned \$127,680 or more and \$121,200, respectively.

In 2012, 425 lenders originated loans in the assessment area, with East Cambridge Savings Bank ranking 31<sup>st</sup>. Analysis of the market rank report for 2012 revealed that most of the financial institutions ranking higher than the Bank were either large regional/national banks such as Bank of America, N.A., Wells Fargo Bank, N.A., and JPMorgan Chase Bank, N.A.

According to the U.S. Bureau of Labor Statistics (U.S. Bureau of Labor Statistics at [www.bls.gov](http://www.bls.gov)), the Boston-Cambridge-Quincy, MA, NH MSA's unemployment rate is 5.8 percent as of August 31, 2013. The Commonwealth of Massachusetts unemployment rate as of the same date is 6.8 percent.

### **Business Demographics:**

There were 65,069 businesses in the assessment area in 2012. When analyzed by census tract level, 5.4 percent of all businesses are in the low-income census tracts, 26.0 percent are in the moderate-income census tracts, 35.0 percent are in the middle-income census tracts, and 33.7 percent are in the upper-income census tracts. By size of business, 46,173, or 71.0 percent of total businesses had annual sales of \$1 million or less, 3,311, or 5.1 percent had annual sales of greater than \$1 million, and the remainder, 15,585 or 23.9 percent, had unknown annual sales.

In 2013, the number of businesses in the assessment area decreased to 54,546. When analyzed by census tract level, 8.8 percent of all businesses are in the low-income census tracts, 13.6 percent are in the moderate-income census tracts, 56.9 percent are in the middle-income census tracts, and 20.8 percent are in the upper-income census tracts. By size of business, 39,723 or 72.8 percent of total businesses had annual sales of \$1 million or less, 2,491, or 6.4 percent had annual sales of greater than \$1 million, and the remainder, 12,332 or 22.6 percent, had unknown annual sales.

### **Economic Conditions:**

The greater Boston area has over 68 colleges and universities with a diversified group of employers in the health care, financial services, education, defense and manufacturing sectors. The recession in the State appears to be moderating and job losses appear to be concentrated primarily in the services industry. Household unemployment is down, while there has been an increase in home sales. According to the Massachusetts Association of Realtors, sales of existing single-family homes experienced large gains as home prices continued to rise. The homebuyer tax credit, low mortgage rates, and price declines have led to higher affordability, boosting sales. It is expected that prices may see some declines after the expiration of the homebuyer tax credit program.



## **SCOPE OF EVALUATION**

An onsite evaluation was conducted utilizing Large Bank procedures, as defined by the CRA. The Bank opted to be examined as a Large Bank; in accordance with the size thresholds of the CRA East Cambridge Savings Bank would be classified as an Intermediate Small Institution. A review of the Division's records, as well as the Bank's Public CRA File did not reveal any complaints relating to the Bank's CRA performance since the prior evaluation.

Home mortgage loans originated by East Cambridge Savings Bank in 2012 and the first three quarters of 2013 and reported on the Bank's Loan Application Register (LAR), pursuant to the Home Mortgage Disclosure Act (HMDA), were included in the analyses.

Small business loans originated by East Cambridge Savings Bank in 2012 and the first three quarters of 2013 (YTD 2013) are included in the analyses. Small business loans, for the purposes of this evaluation, include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less disclosed on the Bank's Consolidated Report of Condition and Income (Call Report). Information concerning small business loans was obtained from the Bank's CRA Loan Registers (LRs), which are submitted annually to the Federal Reserve Bank.

Small farm and consumer loans were not reviewed as part of this evaluation, as these portions of the loan portfolio make up a minimal portion of the Bank's total lending activity.

Although both the number and dollar volume of the Bank's home mortgage and small business loans were reviewed, the number of originations was weighed more heavily than the dollar volume. The number of loans is less likely to have been influenced by factors such as business size, applicant income level, or varying real estate values within the Bank's assessment area. If dollar volume was emphasized, higher income borrowers or geographic areas would generally appear to receive a larger percentage of loans simply because each loan is likely to be a larger dollar amount.

Qualified community development loans, innovative and/or flexible lending practices (product innovation), community development investments, and community development services were reviewed from June 1, 2010 to November 4, 2013.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area by considering an institution's home mortgage, small business, and community development lending. The institution's lending efforts were rated pursuant to the following performance characteristics: Lending Activity, Assessment Area Concentration, Geographic Distribution, Borrowers' Profile, Response to Credit Needs, Community Development Lending, and Innovative or Flexible Lending Practices. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

#### **Lending Activity**

East Cambridge Savings Bank's lending activity reflects adequate responsiveness to credit needs in its assessment area, taking into account the size of the institution, loan portfolio composition, and the significant level of competition within the assessment area. The Lending Activity performance factor considers the institution's loan-to-deposit ratio and lending volume.

#### ***Loan-to-Deposit Ratio***

The Bank's loan-to-deposit ratio (LTD) is reasonable, considering the size of the institution, the financial condition of the Bank, and the assessment area credit needs.

East Cambridge Savings Bank's average net LTD over the 14 quarters since the prior CRA evaluation is 72.6 percent. The Bank's quarterly LTD ratio fluctuated over the period reaching a high of 76.9 percent as of June 30, 2010, and hitting a low of 68.7 percent as of September 30, 2011. The quarterly LTD ratio was generally stable during the review period.

#### ***Lending Volume***

The Bank's overall volume of home mortgage loan originations has decreased over the period reviewed (502 total loans in 2012 compared to 288 total loans in 2013). This decrease was in part due to rising interest rates moving from 2012 to 2013.

The Bank's volume of small business loans has also decreased over the time period reviewed (40 total loans in 2013 compared to 15 loans during the first three quarters of 2013).

#### **Assessment Area Concentration**

This performance criterion measures the percentage of the Bank's lending that benefitted assessment area residents and businesses, and evaluated the adequacy of such lending. As stated previously, the CRA regulation, under this performance criterion, does not take into account loans made by affiliates when determining the proportion of an institution's lending in its assessment area, even if the institution elects to have its affiliate lending considered in the remainder of the Lending Test evaluation. Therefore, the lending figures presented in Table 3 include only those home mortgage and small business loans attributable to East Cambridge Savings Bank directly, and do not include home mortgage lending by the Bank's subsidiary, Lee-Way Realty Corporation.

East Cambridge Savings Bank originated a majority of its home mortgage and small business loans within its assessment area. In 2012 and 2013, the Bank originated 845 home mortgage and small business loans totaling \$241.7 million. Of the combined home mortgage and small business loans, there were 657, or 77.8 percent, by number, and \$138 million, or 57.1 percent by dollar volume, originated within the Bank's delineated assessment area. Each loan type is further analyzed and depicted in Table 3.

Table 3 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$('000s)
	#	%	#	%		\$ ('000s)	%	\$ ('000s)	%	
<b>Home Mortgage Loans</b>										
<b>2012</b>										
Home Purchase	66	57.9	48	42.1	114	37,903	55.7	30,091	44.3	67,994
Refinance	66	53.7	57	46.3	123	38,735	54.4	32,476	45.6	71,211
Home Improvement	251	94.7	14	5.3	265	14,420	81.0	3,382	19.0	17,802
<b>Total</b>	<b>383</b>	<b>76.3</b>	<b>119</b>	<b>23.7</b>	<b>502</b>	<b>91,058</b>	<b>58.0</b>	<b>65,949</b>	<b>42.0</b>	<b>157,007</b>
<b>YTD 2013</b>										
Home Purchase	38	60.3	25	39.7	63	16,225	43.5	21,088	56.5	37,313
Refinance	55	74.3	19	25.7	74	19,612	72.6	7,405	27.4	27,017
Home Improvement	146	96.7	5	3.3	151	6,179	78.4	1,698	21.6	7,877
<b>Total</b>	<b>239</b>	<b>83.0</b>	<b>49</b>	<b>17.0</b>	<b>288</b>	<b>42,016</b>	<b>58.2</b>	<b>30,191</b>	<b>41.8</b>	<b>72,207</b>
<b>Total Home Mortgage</b>	<b>622</b>	<b>78.7</b>	<b>168</b>	<b>21.3</b>	<b>790</b>	<b>133,074</b>	<b>58.1</b>	<b>96,140</b>	<b>41.9</b>	<b>229,214</b>
<b>Small Business Loans</b>										
2012	25	62.5	15	37.5	40	2,685	46.4	3,107	53.6	5,792
2013	10	66.7	5	33.3	15	2,309	34.3	4,420	65.7	6,729
<b>Total Small Business</b>	<b>35</b>	<b>63.6</b>	<b>20</b>	<b>36.4</b>	<b>55</b>	<b>4,944</b>	<b>39.5</b>	<b>7,527</b>	<b>60.1</b>	<b>12,471</b>
<b>Grand Total</b>	<b>657</b>	<b>77.8</b>	<b>188</b>	<b>22.2</b>	<b>845</b>	<b>138,018</b>	<b>57.1</b>	<b>103,667</b>	<b>42.9</b>	<b>241,685</b>

Source: HMDA LAR Data, 2012 and 2013, CRA LR Data, 2012 and 2013

### ***Home Mortgage Lending***

East Cambridge Savings Bank made 383 loans inside the assessment area in 2012, and 239 loans inside the assessment area during the first three quarters of 2013. By dollar volume, these home mortgage loans totaled \$91.0 million in 2012 and \$42.0 million in YTD 2013. By percentage, the Bank originated 76.3 percent of its home mortgage loans within the assessment area in 2012 and 83.0 percent in 2013.

Home improvement loans made up a large portion of the loans for both 2012 and YTD 2013. This is attributed to the HEAT loan program the Bank runs in partnership with MassSave. The vast majority of the HEAT loans are made within the Bank's assessment area. This explains the difference in assessment area lending between the percent of loans by number (78.7 percent) as compared to the percentage of loans by dollar amount (58.1 percent). While the number of HEAT loans is significant, they are relatively small in dollar volume.

### ***Small Business Lending***

In 2012 East Cambridge Savings Bank originated 25 small business loans totaling \$2.7 million inside its assessment area. This represents 62.5 percent, by number, and 46.4 percent, by dollar amount. In 2013, the Bank originated 10 small business loans totaling \$2.3 million inside its

assessment area. This represents 66.7 percent, by number, and 34.3 percent, by dollar amount, respectively.

## Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout its assessment area. The primary focus of this analysis was to assess the Bank's loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts. Overall, the geographic distribution of home mortgage and small business loans reflects good dispersion throughout the Bank's assessment area during the evaluation period.

### Home Mortgage Lending

The Bank's home mortgage lending demonstrates a good geographic dispersion of loans, particularly to low-income geographies, in its assessment area in 2012 and 2013. Table 4 contains a summary of the Bank's 2012 and 2013 home mortgage lending activity by loan category and percentage of loans within each of the income tract categories. In addition, the table also compares the Bank's 2012 performance against the aggregate market performance for that year.

<b>Table 4</b> <b>Distribution of Home Mortgage Loans by Census Tract Income Level</b>						
Census Tract Income Level	% of Total Owner- Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		YTD 2013 Bank	
			#	%	#	%
<b>Low</b>	3.1	2.7	20	5.2	19	8.0
<b>Moderate</b>	24.1	19.6	96	25.1	48	20.1
<b>Middle</b>	37.7	37.9	197	51.4	128	53.6
<b>Upper</b>	35.1	39.8	70	18.3	44	18.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>383</b>	<b>100.0</b>	<b>239</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; HMDA LAR Data 2012 and 2013

The Bank made 20 home mortgage loans in 2012 and 19 home mortgage loans in 2013 in low-income census tracts. These loans represented 5.2 percent and 8.0 percent of all loans made by the Bank in 2012 and 2013, respectively. The Bank's performance in 2012 is above the aggregate market's lending in low-income census tracts, as well as the percentage of owner-occupied housing units.

The Bank made 96 home mortgage loans in 2012 and 48 home mortgage loans in YTD 2013 in moderate-income census tracts. These loans represented 25.1 percent and 20.1 percent of all loans made by the Bank in 2012 and 2013, respectively. The Bank's performance in 2012 exceeded the aggregate market's performance in moderate-income census tracts, which was 19.6 percent. The percentage of owner-occupied units located in moderate-income census tracts (24.1 percent) is similar to the Bank's lending performance.

The Bank's overall performance, as it relates to the geographic distribution of the loans it originated in 2012 and 2013, reflects a good dispersion throughout its assessment area.

### ***Small Business Lending***

The geographic distribution of the Bank's small business lending reflects adequate dispersion throughout the assessment area. It is noted that 64.3 percent of all businesses located in the Bank's assessment area have a workforce size of 1-4 employees; businesses of this size are less likely to seek traditional small business financing offered through banks.

As shown in Table 5, the Bank made 12.0 percent of all small business loans, by number, in low-income census tracts in 2012. This was higher than the 2012 aggregate lending percentage of 5.8 percent. The Bank's performance improved in YTD 2013 as it made 5 loans, or 50.0 percent, in low-income census tracts during the first three quarters of the year. Furthermore, the Bank's performance in low-income census tracts is above the percentage of total businesses located in those geographies in both years, which were at 5.4 percent and 8.8 percent in 2012 and 2013, respectively.

In terms of lending to moderate-income census tracts, the Bank extended 28.0 percent of its loans to moderate-income census tracts, which was comparable to the performance of aggregate lenders. In YTD 2013, the Bank's lending in moderate-income tracts decreased to 10.0 percent. This is slightly lower than the percentage of total businesses in moderate-income census tracts (13.5 percent).

<b>Table 5</b>						
<b>Distribution of Small Business Loans by Census Tract Income Level</b>						
<b>Census Tract Income Level</b>	<b>2012 % of Total Businesses</b>	<b>2012 Aggregate Lending Data (% of #)</b>	<b>2012 Bank</b>		<b>YTD 2013 Bank</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	5.4	5.8	3	12.0	5	50.0
<b>Moderate</b>	26.0	27.2	7	28.0	1	10.0
<b>Middle</b>	35.0	34.0	10	40.0	4	40.0
<b>Upper</b>	33.6	33.0	5	20.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>

*Source: D&B Business Data 2012 and 2013; CRA LAR Data, 2012 and 2013*

East Cambridge Savings Bank's overall performance under this lending criterion indicates a good dispersion of small business loans.

### **Borrower Profile**

The distribution of loans predicated on borrower income and business revenue was reviewed to determine the extent to which the Bank addressed the credit needs of its residents and small business customers. The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and among business customers of different sizes.

### ***Home Mortgage Lending***

Home mortgage lending data was reviewed to assess how well the Bank met the housing credit needs of its assessment area including low- and moderate-income borrowers. Table 6 illustrates the distribution of the Bank's home mortgage loans by borrower income level for 2012 and YTD 2013. For comparison purposes, the table includes the percentage of total families by income level and the aggregate lending data.

<b>Table 6</b> <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
Income Level	% of Total Families	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
<b>Low</b>	25.2	4.6	30	7.8	11	4.6
<b>Moderate</b>	16.6	15.4	83	21.7	35	14.6
<b>Middle</b>	20.2	24.2	95	24.8	72	30.1
<b>Upper</b>	38.0	43.7	136	35.5	106	44.4
<b>N/A</b>	0.0	12.1	39	10.2	15	6.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>383</b>	<b>100.0</b>	<b>239</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; HMDA LAR Data 2012 and 2013

As shown in Table 6, the Bank made 7.8 percent of all home mortgage loans (by number) to low-income borrowers in 2012. This percentage exceeds the aggregate market's 4.6 percent. In YTD 2013, the Bank's percentage of loans to low-income borrowers decreased to 4.6 percent.

In 2012, the Bank made 21.7 percent of all home mortgage loans (by number) to moderate-income borrowers. This exceeds both the aggregate lending performance of 15.4 percent and the percentage of moderate-income families of 16.6 percent. The Bank's percentage of loans to moderate-income borrowers decreased in YTD 2013 to 14.6 percent.

### ***Small Business Lending***

The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different sizes. Emphasis is placed on loans to small businesses, or those with gross annual revenues (GARs) of \$1 million or less. Table 7 depicts the Bank's small business lending performance by size of the business for 2012 and 2013. The table includes the distribution of businesses in the assessment area by size and the performance of the aggregate market for comparison purposes.

<b>Table 7</b> <b>Distribution of Small Business Loans by Gross Annual Revenue (GAR)</b>						
GAR \$(000)	2012 % of Total Businesses	2012 Aggregate Lending Data (% of #)	2012 Bank		YTD 2013 Bank	
			#	%	#	%
≤ \$1,000	93.3	42.3	14	56.0	2	20.0
> \$1,000 or Not Reported	6.7	57.7	11	44.0	8	80.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>

Source: CRA LAR Data 2012 and 2013

In 2012, the Bank originated 14 small business loans, or 56.0 percent, to businesses with GARs of \$1 million or less. This is above the aggregate lending performance of 42.3 percent but below the percentage of total businesses.

During the first three quarters of 2013, the Bank originated 2 small business loans to businesses with GARs of \$1 million or less. This is a substantial decrease in overall lending performance

compared to 2012. It is important to note that the low volume of loans will largely impact percent of loan distribution.

### **Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses**

The Bank exhibited an adequate record of serving the credit needs of the most economically disadvantaged area(s) of its assessment area(s), low-income individuals, and very small businesses, consistent with safe and sound business practices.

### **Community Development Lending**

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose; (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan); and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

The Bank made an adequate level of community development loans. During the time period reviewed, East Cambridge Savings Bank originated ten community development loans in its assessment area totaling \$9.2 million. This represents an increase of \$6.8 million since the last CRA evaluation. The following are examples of the community development loans funded by the Bank:

In April of 2011, the Bank originated a \$2.7 million loan to a nonprofit organization located in Cambridge. The mission of the organization is to provide affordable housing. As of the fiscal year ended June 30, 2010, the organization owned two hundred and seven residential units in Cambridge.

In November 2011, the Bank originated \$1.2 million in loans to a nonprofit organization located in Cambridge and Somerville. The Bank also originated \$2.2 million dollars in loans to this organization in April 2013. This mission of this organization is to improve the quality of life for members of the community who are disadvantaged by poverty, disability, or age. While the organization originally provided services like affordable housing, functional support and adaptive living skills for its target populations, in 2009 it moved away from providing social services and is now focusing solely on affordable housing.

In December of 2012, the Bank originated a \$1.9 million loan to a charitable organization located in Cambridge. The mission of the organization is to make affordable housing available to low- and moderate-income individuals. The organization currently owns 58 units and is striving to serve the community through potential expansion.

In July of 2013, the Bank originated a \$1.2 million loan to an organization located in Newton. The purpose of this loan is to provide affordable housing to adults with developmental disabilities. This project will provide 14 single room occupancies that are affordable.

### **Innovative or Flexible Lending Practices (Product Innovation)**

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

East Cambridge Savings Bank makes use of innovative and/or flexible lending practices in order to serve the assessment area credit needs. The Bank offers several special mortgage loan programs tailored to assist either lower-income people or first-time homebuyers in pursuing or maintaining home ownership. Additionally, the Bank offers several loan products tailored towards small businesses. The programs are described here in order to highlight the innovative and flexible underwriting standards employed in the origination of loans to low- and moderate-income people and to businesses of different sizes.

### **Residential Lending Programs**

#### *First-Time Homebuyer Program (FTHB)*

The Bank offers a homeownership arrangement to first-time homebuyers who may not otherwise be eligible for traditional home purchase loan products. The Bank has a first-time homebuyer program that allows for flexible underwriting for first-time homebuyers purchasing a 1-4 family dwelling in addition to providing the borrower with a \$1,000 closing cost credit. During the evaluation period, the Bank originated 9 loans totaling \$3.1 million through this program.

#### *MassSave HEAT Loans Program*

The Bank partners with MassSave to make HEAT loans to individuals residing within the Bank's assessment area. This program allows customers to apply for a zero percent loan to assist with the installation of energy efficient improvements in their homes. The loans are available up to \$25,000 with terms up to seven years. During the evaluation period, the Bank originated 639 loans totaling \$6.9 million through this program.

#### *MassHousing*

MassHousing is a quasi-public state agency whose mission is to increase the State's supply of affordable housing. East Cambridge Savings Bank originates loans through multiple loan programs, including the MassAdvantage program, MassHousing Mortgage with no MI, and MassHousing SoftSecond Loan program. Overall, the Bank originated 6 loans totaling over \$1.0 million through various MassHousing programs during the evaluation period.

### **Commercial Lending Programs**

East Cambridge Savings Bank offers several commercial products through the Small Business Administration (SBA) to help meet the credit needs of small businesses within its community. The programs offer flexible lending criteria, providing more readily available access to financing for many small business borrowers. The Bank participates in the SBA's 504 Certified Development Corporation (CDC) program and 7(a) loan guaranty programs. The 504 CDC



program provides small businesses with long-term, fixed-rate financing for major fixed assets such as land and buildings. The 7(a) program provides financing for a diverse variety of credit needs for small businesses that may not otherwise possess the ability to secure credit. The Bank extended 8 loans totaling \$2.5 million through these programs during the evaluation.

### **Loss of Affordable Housing**

The Division's regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

East Cambridge Saving Bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and lending to low- and moderate-income borrowers has assisted low- and moderate-income individuals to remain in their neighborhoods.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The Bank's compliance with the laws relating to discrimination and other illegal credit practices were reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices was identified inconsistent with helping to meet community credit needs.

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The Bank has a written Fair Lending Policy. The Bank proactively and affirmatively supports the fair lending process through fair, but flexible lending policies.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. The Bank employs a second review process. The Bank makes exceptions to the loan policy.

### **MINORITY APPLICATION FLOW**

The Bank's LARs for 2012 and YTD 2013 were reviewed to determine if the application flow from various racial and ethnic groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 636,240 individuals of which 29.8 percent are minorities. The minority and ethnic population of the assessment area is 6.9 percent Black/African American, 11.4 percent Asian/Pacific Islander, 0.1 percent American Indian, 7.7 percent Hispanic or Latino and 3.7 percent other.

For 2012 and YTD 2013, the Bank received 769 HMDA reportable loan applications from within its assessment area. Of these applications, 75 or 9.7 percent were received from minority applicants, of which 55 or 73.3 percent resulted in originations. The Bank also received 34 or 4.4 percent of

applications from ethnic groups of Hispanic origin within its assessment area of which 22 or 64.7 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for 2012. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to chart below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>Bank 2012</b>		<b>Aggregate Data 2012</b>	<b>Bank YTD 2013</b>	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	1	0.3
Asian	23	4.8	10.4	13	4.5
Black/ African American	9	1.9	1.5	9	3.1
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	1	0.2	0.0	0	0.0
Joint Race (White/Minority)	9	1.9	2.0	10	3.5
<b>Total Minority</b>	<b>42</b>	<b>8.8</b>	<b>14.1</b>	<b>33</b>	<b>11.4</b>
White	350	73.1	60.3	222	76.5
Race Not Available	87	18.1	25.6	35	12.1
<b>Total</b>	<b>479</b>	<b>100.0</b>	<b>100.0</b>	<b>290</b>	<b>100.0</b>
<b>ETHNICITY</b>					
<b>Hispanic or Latino</b>	<b>16</b>	<b>3.3</b>	<b>1.8</b>	<b>11</b>	<b>3.8</b>
Not Hispanic or Latino	366	76.4	71.8	235	81.0
<b>Joint (Hisp/Latino/Not Hisp/Latino)</b>	<b>5</b>	<b>1.0</b>	<b>0.9</b>	<b>2</b>	<b>0.7</b>
Ethnicity Not Available	92	19.3	25.5	42	14.5
<b>Total</b>	<b>479</b>	<b>100.0</b>	<b>100.0</b>	<b>290</b>	<b>100.0</b>

Source: US Census 2010, HMDA LAR Data 2012 and 2013, HMDA Aggregate Data 2012

The Bank's performance in 2012 was below the aggregate's performance. The Bank received 8.8 percent for minorities while the aggregate received 14.1 percent. The Bank's performance in regard to Hispanic or Latino applicants, including joint applicants, was above that of the 2012 aggregate. The percentage of Hispanic applications was 4.3 percent while the aggregate was 2.7 percent.

In YTD 2013, the Bank received a higher percentage of applications from minorities compared to 2012. The Bank received 11.4 percent for minorities. The percentage of Hispanic applicants, including joint applicants, was 4.5 percent.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics and taking in to account the positive trend, is deemed to be adequate.

## RESPONSE TO CRA COMPLAINTS

A review of the Public File maintained by the Bank pursuant to the CRA disclosed no complaints relating to the Bank's CRA performance.

## INVESTMENT TEST

### Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment areas or a broader statewide or regional area that includes the institution's assessment areas. Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The Banks' qualified community development investments, donations and contributions reflect a good responsiveness to credit and community development needs given the extent to which such opportunities are available within the assessment area. During the evaluation period the Bank's equity investments and charitable donations total \$11.3 million. This figure includes the new and current book value of existing qualified investments and grants made to qualified organizations during the time period of the examination.

The Bank's total qualified equity investments totaled \$10.9 million. During the evaluation period, the Bank purchased nine pools of FannieMae (FNMA) mortgage backed securities. The underlying loans were originated to low- and moderate-income borrowers. New investments during the time period totaled approximately \$9.4 million. In addition, the book value of investments currently held by the Bank total \$1.5 million. Table 8 details the Bank's qualified equity investments.

Table 8 FNMA Mortgage Backed Securities					
Instrument	Purchase Date	Book Value (9/30/13)	Instrument	Purchase Date	Original Value
<b><i>Prior Investments</i></b>			<b><i>New Investments</i></b>		
Pool #259804	8/20/2003	\$99,049	Pool #MC0354	9/21/2010	\$535,468
Pool #259831	9/22/2003	\$143,227	Pool #MC0388	11/17/2010	\$346,320
Pool #258164	9/22/2004	\$231,472	Pool #MC0394	12/20/2010	\$634,277
Pool #258639	2/21/2006	\$139,697	Pool #MC0507	8/18/2011	\$1,744,532
Pool #258948	2/20/2007	\$229,026	Pool #MC0538	11/21/2011	\$1,022,972
Pool #257688	11/20/2008	\$347,385	Pool #MC0561	12/19/2011	\$908,005
Pool #MC0058	4/20/2009	\$156,827	Pool #MC0592	3/19/2012	\$1,097,127
Pool #MC0248	3/18/2010	\$195,906	Pool #MC0639	10/18/2012	\$1,989,209
			Pool #AB9499	6/20/2013	\$1,094,448
	<b><i>Total</i></b>	<b><i>\$1,542,589</i></b>		<b><i>Total</i></b>	<b><i>\$9,372,358</i></b>
				<b>Grand Total</b>	<b>\$10,914,947</b>

Source: Bank Records

## Qualified Donations

East Cambridge Savings Bank provided a good level of donations during the evaluation period. During the evaluation period, donations totaled \$583,000, with \$361,295 (62.0 percent) considered qualified CRA donations. The Bank provided 103 qualified donations totaling \$115,635. The Bank's Charitable Foundation contributed 107 qualified donations totaling \$245,660. Individual year totals are noted in Table 9 below.

<b>Table 9</b> <b>Community Development Grants and Donations</b>					
	<b>6/1/10 – 12/31/10</b>	<b>2011</b>	<b>2012</b>	<b>1/1/13 – 11/4/13</b>	<b>Total</b>
East Cambridge Savings Bank	\$12,485	\$22,500	\$47,050	\$33,600	\$115,635
ECSB Charitable Foundation	\$25,400	\$69,510	\$100,750	\$50,000	\$245,660
<b>Total</b>	<b>\$37,885</b>	<b>\$92,010</b>	<b>\$147,800</b>	<b>\$83,600</b>	<b>\$361,295</b>

Source: Bank Records

The following table details the Bank's community development donations by category within the assessment area.

<b>Table 10</b> <b>Community Development Grants and Donations by Category*</b>										
<b>Community Development Category</b>	<b>6/1/10 – 12/31/10</b>		<b>2011</b>		<b>2012</b>		<b>1/1/13 – 11/4/13</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>		<b>\$</b>	
Affordable Housing	3	6,550	6	8,350	7	8,800	4	12,100	20	35,800
Community Services	29	31,335	51	83,660	67	139,000	43	71,500	190	325,495
<b>Total</b>	<b>32</b>	<b>37,885</b>	<b>57</b>	<b>92,010</b>	<b>74</b>	<b>147,800</b>	<b>47</b>	<b>83,600</b>	<b>210</b>	<b>361,295</b>

Source: Bank Records \*no grants or donations for Economic Development or Revitalization categories

Some of the organizations that the Bank made qualified grants or donations to are listed below:

**Somerville Community Corporation** – This community development corporation offers services and leads community organizing that supports low- and moderate-income Somerville residents in their efforts to achieve economic sustainability and increase civic participation. This organization works in affordable housing development, community organizing, homelessness prevention, asset building and school- and home-based mediation.

**Cambridge Housing Assistance Fund (CHAF)** – CHAF provides a bridge to housing for homeless and near homeless families and individuals by assisting with the initial costs of renting an apartment and providing one time assistance grants to families at risk of becoming homeless. CHAF is a broad-based community coalition of realtors, civic and business leaders, universities and local banks pulling together to break the cycle of homelessness.

**Springwell** – This private, non-profit agency has been creating, managing, and coordinating services for seniors and individuals with disabilities for more than 30 years. The Bank made donations towards Springwell's Money Management program, a financial services program that assists individuals who have difficulty managing their personal household budgets, paying bills, keeping track of banking records, and handling other issues related to personal finances. The majority of the individuals served by this program are low- or moderate-income.

**Solutions at Work** – Located in Cambridge, this non-profit organization helps homeless and low-income people achieve self-sufficiency annually by providing them with children’s items, moving services, professional clothing, and computers. Founded in 1989, this organization serves more than 6,000 people living in poverty annually.

**Breakthrough Cambridge** – Founded in 1992, Breakthrough Cambridge is a year-round, tuition-free program that offers six years of academically intensive out-of-school time services to highly motivated, traditionally underserved middle and high school students. This program challenges, prepares and supports diverse, low-income Cambridge students to succeed in rigorous high school programs and go on to college.

**Housing Families, Inc.** – This organization provides safe, temporary shelter and quality affordable housing services to homeless and at-risk families living in the Greater Boston area. It offers individualized supportive services to enrich children’s lives, nurture the potential of each family member, and help families maintain permanent housing.

## **SERVICE TEST**

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income community development services.

### **Retail Banking Services**

#### **Accessibility of Delivery Systems**

The Bank’s delivery systems are accessible to essentially all portions of the assessment area(s). The Bank’s office locations are distributed in such a way that no portion of the assessment area is inconvenienced and alternative delivery systems are available to compensate for any limitations on physical access to the Bank’s facilities.

East Cambridge Savings Bank’s main office is located at 292 Cambridge Street, Cambridge, Massachusetts. The Bank operates 8 full-service branches. There are branches in Arlington, Belmont, Cambridge (3), Medford, Somerville, and Waltham. Table 11 illustrates the

distribution of the Bank's full service branches by income level of census tract, compared against the distribution of census tracts by income level.

East Cambridge Savings Bank's distribution of branches represents a good distribution throughout the assessment area. The table below compares the distribution of branches to the percent of tracts in each income category and the percent of population within each tract category. As noted in the table below, 25.0 of the Bank's branches are located in moderate-income census tracts, 62.0 percent are located in middle-income census tracts, and 12.5 percent are located in upper-income census tracts.

<b>Table 11 Distribution of Branches</b>						
<b>Census Tract Income</b>	<b>% of Tracts</b>	<b>% of Population</b>	<b>Branches</b>		<b>ATMs</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	6.2	5.5	0	0.0	0	0.0
<b>Moderate</b>	31.7	31.9	2	25.0	5	38.5
<b>Middle</b>	34.5	35.8	5	62.5	6	46.2
<b>Upper</b>	27.6	26.9	1	12.5	2	15.4
<b>Total</b>	100.0	100.0	8	100.0	13	100.0

*Source: Bank Records*

As noted in Table 11, the Bank has 13 ATMs located throughout the assessment area. There are 8 full service ATMs in the above mentioned branches. In addition to these, there are three drive-up ATMs located at the Arlington, Belmont, and Medford branches. There are also two remote walk-up ATMs; one in Cambridge and one in Somerville. Of the 13 ATMs, 5 or 38.5 percent are in moderate-income census tracts, 6 or 46.2 percent are in middle-income census tracts and 2 or 15.4 percent are in upper-income census tracts.

East Cambridge Savings Bank offers a wide range of service for its retail, small business, and commercial customers. It is a full-service institution offering a broad selection of credit, deposit, and special services. The Bank offers customers the following convenience banking resources which enhance the accessibility of banking services to the assessment area:

### ***Customer Service Center***

The Bank's Customer Service Center is staffed by customer service representatives Monday through Friday 9:00 am to 6:00 pm and Saturday 9:00 am to 1:00 pm. Customers can speak directly with a representative regarding loan or deposit information. Customers may also make inquiries regarding their accounts.

### ***Mobile Banking***

Customers may receive balances of their bank accounts via text message through East Cambridge Savings Bank Mobile Balance. There is no fee for the service, although standard text messaging rates apply. Customers can deposit checks through the Bank's Mobile Deposit Capture option.

### ***Online Banking***

Online banking is accessible to customers through the Bank's website, [www.ecsb.com](http://www.ecsb.com). Online banking allows customers to check balances, pay bills, make transfers, and review account activity through e-statements.

### ***The Banking Connection***

The Banking Connection is the 24-hour telephone banking service which enables customers to access account information and other banking services. Through this service customers can check balances on all checking, savings, certificate of deposit, and loan accounts; review account history, including recent debits, deposits, checks, interest, and payments; transfer funds between deposit accounts, make loan payments, or take line of credit advances; or check the latest rates on deposit and loan products.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. On October 8, 2011, the Bank closed its branch located at 395 Trapelo Road, Belmont in a middle-income census tract. The Bank opened a branch at 505 Common Street, Belmont on October 10, 2011. This branch is located in a middle-income census tract.

The Bank maintains a Branch Office Opening and Closing policy. The policy details the procedure the Bank will follow before opening and closing a branch office.

### **Reasonableness of Business Hours and Services**

The Bank's office hours are reasonable and are convenient to the assessment area. East Cambridge Savings Bank's services and hours of operation are similar to those competing institutions and afford accessibility to all segments of the assessment area.

Each of the branches is equipped with a 24-hour ATM that is linked to the NYCE, CIRRUS, Mastercard & Exchange Networks. Additionally, the Bank is a member of the SUM Program which provides the Bank's checking customers surcharge free ATM access at over 2,900 ATMs throughout the service area.

### **Community Development Services**

The Bank provides a good level of community development services. These community development services have resulted in a better educated community, increased awareness of community needs, and contributed to improving the communities served. The Bank offers services to low- and moderate-income residents within the assessment areas and provided technical assistance to organizations with a community development purpose.

Below are some examples of activities conducted and organizations that employees were involved in during the evaluation period. All of the services meet the definition of community development and also relate to the provision of financial services as required by the regulation consideration under the CRA.

**Somerville Homeless Coalition** – The mission of this organization is to provide homeless and near homeless individuals and families with individualized support services and tailored housing solutions with a goal of obtaining and maintaining affordable housing. A Senior Vice President is a Board Member and Audit Committee member of this organization.

**Cambridge Neighborhood Apartment Housing Services, (CNAHS), Inc.** – CNAHS seeks to create and preserve affordable housing in the city of Cambridge. Over the course of its history, this non-profit organization has played a direct role in the development and preservation of over 1,000 units of affordable housing in Cambridge. A Senior Vice President serves on the Board of this organization.

**CASPAR** – This nonprofit organization provides services for those affected by substance use disorders. CASPAR has built a comprehensive array of outreach, shelter, stabilization, residential, aftercare, education, and prevention services. A Senior Vice President serves as the President of the Board of this organization.

**East End House** – A Senior Vice President of the Bank is a director of this organization. The East End house is a community center that supports families and individuals of all ages with comprehensive services including a food pantry, community workshops, parent education and senior programming. The goal of East End is to create opportunities for those who have been traditionally denied access due to social economic barriers.

**Community Service Network** – The mission of this agency is to help low- and moderate-income clients access the knowledge, skills and services that promote independence and self-sufficiency. Program offerings include first-time homebuyer education, foreclosure prevention assistance, refinance and loan counseling, and family self-sufficiency counseling. A Vice President of the Bank serves on the Board of this organization.

**Somerville Rotary Club** – This organization provides humanitarian service, encourages ethical standards in all vocations, and helps build goodwill and peace in the neighborhood. They look to address today's most critical issues including poverty and hunger, children at risk, illiteracy, and violence. Agencies served by the Somerville Rotary include the Somerville Homeless Coalition, Somerville Soup Kitchen, and the Somerville High School Scholarship fund. The President of the Bank serves as a Board Member of this organization.

### **Educational Services and Seminars**

Throughout the evaluation period, the Bank hosted a number of elementary school and kindergarten classes for financial literacy presentations. Students learned about bank services and accounts, the importance of security, the benefits of saving, and types of jobs in banking. In 2013, the Bank registered as a participant in the American Bankers Association (ABA) Teach Children to Save program. The Bank was recognized for the various financial literacy programs, and was listed on the ABA's Teach Children to Save Honor Roll.

The Bank participated in 17 first-time homebuyer seminars since the previous examination. The seminars assist individuals in taking the first steps toward the purchase of a new home.

The Bank conducted a "Basics of Banking" workshop for the Cambridge Community Development Department. This free workshop was open to all Cambridge residents, who had an opportunity to ask banking related questions and receive ideas and tips for saving.

In October of 2012, representatives from the Bank conducted three one-hour Financial Literacy Education presentations in accord with the Somerville Homeless Coalition. Topics included bank account and credit management.



The Bank is a participant in the Money Smart Alliance, a program established by the FDIC, which provides awareness among older adults and their caregivers on how to prevent elder financial exploitation, and to encourage advance planning and informed financial decision-making.

### **Other Community Development Services**

East Cambridge Savings Bank is part of the Massachusetts Community Banking Council's Basic Banking Program. The program was started in 1994 as a voluntary program to expand access to Bank products and services and to encourage those with modest incomes to establish banking relationships. The Bank provides both a savings and a checking account that meet the Basic Banking for Massachusetts guidelines.

The Bank also services "Interest on Lawyer's Trust Accounts" (IOLTA). Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income individuals. IOLTA-funded programs of Massachusetts provide legal assistance to over 100,000 individuals across the state. IOLTA continues to be the primary source for consumer, family, education, disability, and elder law services for low-income clients. The Bank currently holds 52 IOLTA accounts totaling \$1.4 million.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 224 Cambridge Street, Cambridge, MA 02141."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.